

SALARIES AND WAGES

The 2002-2003 Mayor's Proposed Budget contains \$832.3 million for salaries and wages, for a decrease of \$15.8 million (or 1.9%) from the 2001-2002 Budget. This appropriation does not include a provision for general pay rate increases for fiscal year 2002 - 2003. The following schedule compares the amount of salaries and wages included in the 2002-2003 Mayor's Proposed Budget to the 2001-2002 Budget:

	<u>2002-2003 Mayor's Budget</u>	<u>2001-2002 Budget</u>	<u>Increase (Decrease)</u>
Civilian Personnel	\$ 557,170,084	\$ 569,326,829	\$ (12,156,745)
Uniform Police	200,081,463	204,621,192	(4,539,729)
Uniform Fire	<u>75,073,276</u>	<u>74,157,593</u>	<u>915,683</u>
Total Salaries and Wages	\$ 832,324,823	\$ 848,105,614	\$ (15,780,791) (A)
Estimated Employee Turnover Savings	<u>13,632,864</u>	<u>23,228,141</u>	<u>(9,595,277) (B)</u>
Total Salaries and Wages including Employee Turnover Savings	<u>\$ 845,957,687 (C)</u>	<u>\$ 871,333,755</u>	<u>\$ (25,376,068)</u>

(A) The (\$15.8) million decrease in salaries and wages reflects the reduction of 629 positions in the budget and 18 staff layoffs.

(B) The (\$9.6) million decrease in estimated employee turnover savings reflects a reduction in unfunded positions for the fiscal year 2002-2003, as compared to the previous budget. The estimated employee turnover amount excludes fringe benefits and pensions.

(C) The \$845.9 million represents the total appropriation needed to fund salaries and wages for the 19,901 budgeted positions for fiscal year 2002-2003.

The following schedule compares the total number of positions in the 2002-2003 Mayor's Proposed Budget to the 2001-2002 Budget:

	<u>2002-2003 Mayor's Budget</u>	<u>2001-2002 Budget</u>	<u>Increase (Decrease)</u>
Civilian Personnel (excluding Housing)	14,210	14,736	(526)
Housing	<u>0</u>	<u>442</u>	<u>(442)</u>
Total Civilian Personnel	14,210	15,178	(968)
Uniform Police	4,263	4,384	(121)
Uniform Fire	<u>1,428</u>	<u>1,428</u>	<u>0</u>
Total Uniform Personnel	<u>5,691</u>	<u>5,812</u>	<u>(121)</u>
Total Budgeted Positions	<u>19,901</u>	<u>20,990</u>	<u>(1,089)</u>

The 2002-2003 Mayor's Proposed Budget reflects a net decrease of 1,089 positions, or a (5.2%) decrease in total budgeted positions. This decrease results from the elimination of 442 Housing positions to give effect to the planned separation of Housing from the City of Detroit, and reductions of 111 Public Works positions, 102 grant-funded Police positions, 62 Public Lighting positions, 37 Recreation position, and 363 positions in several other City agencies. These reductions in positions are offset by increases of 23 positions in the Environmental Affairs Department, and 5 positions in other City Agencies.

The average amount appropriated for salaries and wages for each Civilian, Uniform Police, and Uniform Fire budgeted position in the 2002-2003 Mayor's Proposed Budget is:

<u>Civilian Personnel</u>	<u>Uniform Police</u>	<u>Uniform Fire</u>
\$39,639	\$48,967	\$52,572

These average salaries and wage amounts are not solely based upon salaries and wages. They include all types of compensation such as holiday pay, shift premiums, and overtime.

**NUMBER OF EMPLOYEES BY DEPARTMENT
COMPARATIVE SUMMARY OF BUDGETED POSITIONS
2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**

Page 1 of 2

AGENCY	2002-2003 Mayor's Budget		2001-2002 Budget		Actual as of 4/2002	
	Number	% of Total	Number	% of Total	Number	% of Total
EXECUTIVE AGENCIES:						
11 Arts	-	0.00%	-	0.00%	-	0.00%
12 Budget	32	0.16	33	0.16	30	0.16
13 Buildings and Safety Engineering(A)	-	0.00	390	1.86	318	1.69
14 Civic Center	96	0.48	106	0.50	87	0.46
15 Communications and Creative Services	20	0.10	21	0.10	18	0.10
16 Consumer Affairs (B)	-	0.00	25	0.12	21	0.11
17 Cultural Affairs	5	0.03	5	0.02	5	0.02
19 Department of Public Works	1,361	6.84	1,472	7.01	1,438	7.65
21 Employment and Training	95	0.48	95	0.45	82	0.44
22 Environmental Affairs	37	0.19	14	0.07	10	0.05
23 Finance	549	2.76	577	2.75	505	2.69
24 Fire	1,886	9.48	1,886	8.99	1,776	9.45
25 Health	646	3.25	667	3.18	569	3.03
26 Historical	45	0.23	47	0.22	41	0.22
28 Human Resources	406	2.04	444	2.12	371	1.97
29 Human Rights	27	0.14	30	0.14	25	0.13
30 Human Services	175	0.88	174	0.83	139	0.74
31 Information Technology Services	165	0.83	177	0.84	133	0.71
32 Law	217	1.09	219	1.04	204	1.08
33 Mayor's Office	100	0.50	99	0.47	93	0.49
36 Planning and Development	303	1.52	317	1.51	266	1.41
37 Police	4,915	24.70	5,017	23.90	4,754	25.28
38 Public Lighting	307	1.54	369	1.76	287	1.53
39 Recreation	779	3.90	816	3.89	1,024	5.45
40 Senior Citizens	14	0.07	13	0.06	9	0.05
43 Youth (B)	-	0.00	6	0.03	4	0.02
44 Zoological Institute	174	0.87	184	0.88	163	0.87
TOTAL EXECUTIVE AGENCIES	12,354	62.08%	13,203	62.90%	12,372	65.80%
LEGISLATIVE AGENCIES:						
50 Auditor General	20	0.10%	26	0.12%	16	0.09%
51 Zoning	16	0.08	17	0.08	14	0.07
52 City Council	104	0.52	104	0.50	103	0.55
53 Ombudsperson	11	0.06	11	0.05	10	0.05
70 City Clerk	29	0.15	30	0.14	28	0.15
71 Election Commission	108	0.54	108	0.52	68	0.36
TOTAL LEGISLATIVE AGENCIES	288	1.45%	296	1.41%	239	1.27%
JUDICIAL AGENCY:						
60 36th District Court	508	2.55%	519	2.48%	498	2.65%
OTHER AGENCY:						
35 Non-Departmental	38	0.19%	36	0.17%	28	0.15%
TOTAL GENERAL CITY AGENCIES	13,188	66.27%	14,054	66.96%	13,137	69.87%

**NUMBER OF EMPLOYEES BY DEPARTMENT
COMPARATIVE SUMMARY OF BUDGETED POSITIONS
2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**

Page 2 of 2

AGENCY	2002-2003 Mayor's Budget		2001-2002 Budget		Actual as of 4/2002	
	Number	% of Total	Number	% of Total	Number	% of Total
ENTERPRISE AGENCIES:						
(TAX SUPPORTED)						
10 Airport	22	0.11%	41	0.19%	33	0.17%
13 Buildings and Safety Engineering(A)	360	1.81	-	0.00	-	0.00
20 Transportation	1,838	9.24	1,861	8.87	1,760	9.36
72 Library	476	2.39	537	2.56	458	2.44
TOTAL TAX SUPPORTED ENTERPRISE AGENCIES	2,696	13.55%	2,439	11.62%	2,251	11.97%
TOTAL TAX SUPPORTED AGENCIES	15,884	79.82%	16,493	78.58%	15,388	81.84%
ENTERPRISE AGENCIES:						
(NONTAX SUPPORTED)						
27 Housing (C)	-	0.00%	442	2.10%	321	1.71%
34 Municipal Parking	133	0.67	136	0.65	122	0.65
41 D.W.S.D. - Water Supply	2,407	12.09	2,420	11.53	1,831	9.74
42 D.W.S.D. - Sewage Disposal	1,477	7.42	1,499	7.14	1,141	6.06
TOTAL NONTAX SUPPORTED ENTERPRISE AGENCIES	4,017	20.18%	4,497	21.42%	3,415	18.16%
GRAND TOTAL - ALL AGENCIES	19,901	100.00%	20,990	100.00%	18,803	100.00%

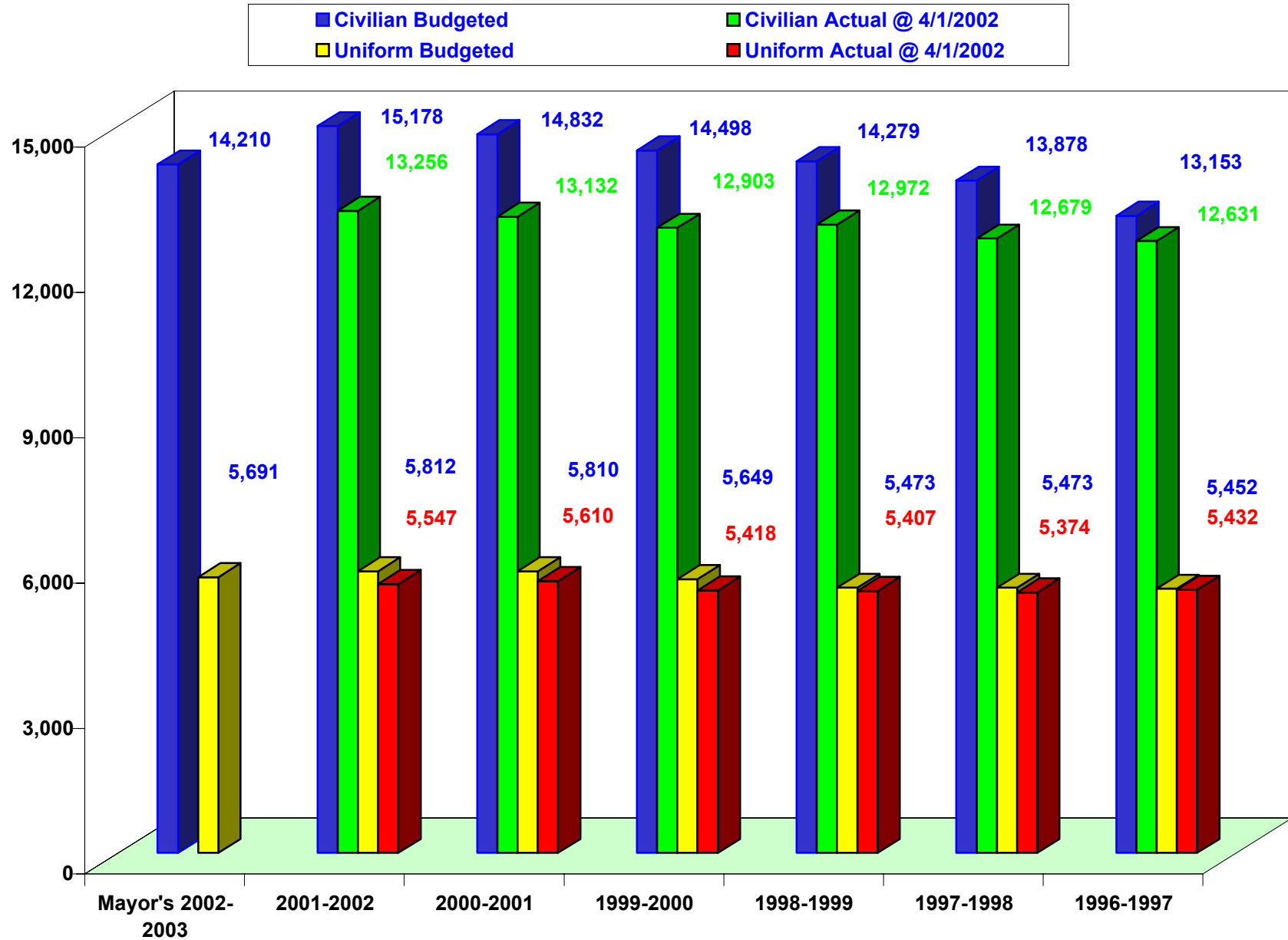
(A) The Buildings and Safety Engineering Department is treated as an Enterprise Agency in the 2002-2003 Mayor's Proposed Budget.

(B) The Consumer Affairs and Youth Departments are eliminated in the 2002-2003 Mayor's Proposed Budget, and the functions are transferred to other Agencies.

(C) The Housing Department is not included in the 2002-2003 Mayor's Proposed Budget, since the Mayor considers it an independent agency.

COMPARISON OF BUDGETED TO ACTUAL POSITIONS

(All Funds)



PENSIONS & FRINGE BENEFITS

The 2002-2003 Mayor's Proposed Budget includes \$408.1 million for Employee Benefits, with \$106.4 million for Employee Pensions and \$301.7 for Fringe Benefits.

Pensions

The 2002-2003 Mayor's Proposed Budget uses different employer contribution rates for the City's two retirement systems. The City's budgeted appropriations for pension costs are normally based on contribution rates computed by the actuaries representing the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). The contribution rates are applied to the appropriate budgeted salary amounts to determine the budgeted amount of the City's contributions for employees' pensions.

The following schedule is a comparison of the 2002-2003 Mayor's Proposed Budget to the 2001-2002 Budget for appropriations that cover the costs of employees' pensions.

<u>Employee Category</u>	<u>In Millions</u>		
	<u>2002-2003 Mayor's Budget</u>	<u>2001-2002 Budget</u>	<u>Increase (Decrease)</u>
GRS Employees	\$ 82.8	\$ 78.9	\$ 3.9
PFRS Employees	<u>23.6</u>	<u>5.2</u>	<u>18.4</u>
Total	<u>\$106.4</u>	<u>\$ 84.1</u>	<u>\$ 22.3</u>

The 2002-2003 Mayor's Proposed Budget includes GRS pension costs based essentially on contribution rates determined by the City's actuary for various City funds, such as the general fund. The rates used are in line with the rates recommended by the actuary. For example, the Budget Department used a contribution rate of 16.0% for the general fund compared to the 15.92% rate recommended by the actuary. The \$3.9 million GRS pension increase in 2002-2003 is primarily due to slight increases in the rates applied in the 2001-2002 Budget.

The 2002-2003 Mayor's Proposed Budget for the PFRS pension appropriation is based on a contribution rate of 9.25% of the base salary of Policemen and Fire Fighters. This percentage differs from the percentage recommended by the actuary of 27.22% for Normal Cost. If the actuary's Normal Cost (recommended contribution rate) of 27.22% is used, appropriations for Police & Fire pensions would total \$69.4 million, or \$45.8 million more than the budgeted amount of \$23.6 million.

During the 2000-2001 fiscal year, the City and representatives of the four police and fire unions and the retirees of the Police and Fire Retirement System negotiated an agreement by which a portion of the excess funding of the System was distributed among the City, active employees, and the retirees, according to the amounts set forth in the agreement. As a result, the 2000-2001 Budget used a reduced contribution rate (8.89%), and the 2001-2002 Budget also used a reduced contribution rate (0.0%) to compute funding for Police & Fire pensions. The PFRS had excess funding (the Funding Value of Assets exceeded Actuarial Accrued Liabilities) of \$450 million, as of June 30, 1999, and \$622 million as of June 30, 2000.

There is also excess funding of \$436.8 million in the PFRS, as of June 30, 2001, per the actuary's report. If the City is able to negotiate an agreement with employees' and retirees groups (similar to the agreement which affected the City's contributions for 2000-2001 and 2001-2002) for the distribution of part of the excess funding, it would result in lower City contributions to the PFRS for 2002-2003.

However, if the City fails to reach an agreement with the various employees' and retirees' groups on the distribution of any excess funding, the 2002-2003 Mayor's Proposed Budget would underfund the PFRS employees pension costs by \$45.8 million.

The following schedule, taken from the latest available actuary's reports, shows the annual required Employer (the City) contributions to the GRS and to the PFRS for the seven years ended June 30, 2001.

Schedule of Employer Contributions (In Millions)

<u>Year Ended June 30</u>	<u>GRS</u>	<u>PFRS</u>
1995	\$ 36.5	\$ 57.3
1996	42.5	55.0
1997	54.7	54.5
1998	52.7	48.1
1999	55.6	15.7
2000	66.7	20.0
2001	68.1	14.4

As shown by the preceding schedule, the annual contributions made by the City for the GRS have increased from \$36.5 million in 1995 to \$68.1 million in 2001. This \$31.6 million increase is primarily due to an increase in covered payroll from 1995 to 2000 (\$327.6 million to \$439.6 million), and increases in the contribution rates resulting, in part, from improvements in retirement benefits over the years. Such improvements include increases in benefit multipliers and the reduction in the average final compensation period from four to three years.

The 63rd Annual Actuarial Valuation, as of June 30, 2001, indicated that the GRS is in good actuarial condition (a 91.6% funded ratio) in accordance with principles of level percent-of-payroll financing.

As shown by the preceding schedule, the annual contributions made by the City for the PFRS have decreased from \$57.3 million in 1995 to \$14.4 million in 2001. This decrease is primarily due to the over funded status (i.e., funded ratio greater than 100%) of the PFRS since 1997, resulting in reduced required contributions for the City.

The 60th Annual Actuarial Valuation, as of June 30, 2001, indicated that the PFRS is overfunded by \$436.8 million and that the PFRS continues in excellent actuarial condition (a 112.6% funded ratio) in accordance with principles of level percent-of-payroll financing.

Fringe Benefits Other Than Pensions

Fringe benefits as discussed in the following paragraphs do not include pensions.

The City provides both nonnegotiable (those regulated by either Federal or State law) and negotiable fringe benefits to both civilian and uniform employees, as well as certain retired individuals.

The 2002-2003 Mayor's Proposed Budget includes \$230.5 million for fringe benefits for the General, Airport, Municipal Parking, and Grant Funds, which is a \$1.6 million increase from the \$228.9 million included in the 2001-2002 Budget. However, this \$1.6 million increase is net of a \$12.1 million decrease in fringe benefits for Civilian Employees offset by a \$13.7 million increase in fringe benefits for Uniform Employees.

The \$12.1 million decrease for Civilian Employees is primarily due to lower appropriations for social security, workers' compensation, hospitalization, and retirement sick leave, and the elimination of the appropriation of \$2.4 million for employee bonuses, generated, in part, by the reduction in the number of budgeted positions.

The \$13.7 million increase for Police and Fire Uniform Employees is mainly due to an \$8.7 million (or 14.4%) increase in hospitalization costs for Police Uniform Retirees and about \$4.0 million increase in hospitalization costs for Uniform Police Employees.

Fringe benefits, which comprise a significant portion of the City's overall costs, are detailed in the following two schedules, which compare the amounts appropriated in the 2002-2003 Mayor's Proposed Budget to the 2001-2002 Budget:

Schedule A: Presents the total amounts budgeted for both General City Civilian and Uniform Employees.

Schedule B: Presents amounts appropriated on average for each fringe benefit for each budgeted General Fund Civilian position and Uniform Police and Fire position.

BUDGETED FRINGE BENEFIT COST SCHEDULE
(Excluding Pensions)
CIVILIAN AND UNIFORM EMPLOYEES AND ASSOCIATED RETIREES
OF THE GENERAL, AIRPORT, MUNICIPAL PARKING, AND GRANT FUNDS

BENEFIT CATEGORY	Budgeted Fringe Benefit Amounts For Civilian Employees (A)		Budgeted Fringe Benefit Amounts For Uniform Employees	
	2002-2003	2001-2002	2002-2003	2001-2002
Non-Actuarial Pensions	\$ -	\$ 23,793	\$ -	\$ 35,323
<u>Nonnegotiable Fringe Benefits:</u> (Legally Required)				
Social Security (FICA)	\$ 24,665,690	\$ 26,267,439	\$ 1,374,692	\$ 1,276,691
Unemployment Compensation	1,064,010	1,094,477	-	-
Workers' Compensation	12,542,423	14,585,091	-	-
Total Legally Required Fringe Benefits	\$ 38,272,123	\$ 41,947,007	\$ 1,374,692	\$ 1,276,691
<u>Negotiable Fringe Benefits:</u>				
Hospitalization:				
For Employees	\$ 31,952,547	\$ 34,797,219	\$ 43,010,707	\$ 39,041,762
For Retirees	28,405,846	30,312,244	60,500,184	51,751,882
Dental:				
For Employees	2,095,778	1,986,713	1,496,715	1,281,280
For Retirees	1,999,049	1,974,817	2,631,493	1,918,930
Eye Care:				
For Employees	483,641	951,719	646,685	534,649
For Retirees	709,340	916,029	1,138,822	858,834
Disability Medical	-	-	1,626,880	1,651,576
Longevity	2,063,535	2,224,643	5,425,562	3,865,035
Death Benefit	-	166,551	-	127,523
Group Life Insurance	419,156	333,102	679,235	938,727
Retirement Sick Leave	1,515,408	2,557,744	2,554,189	4,244,858
Income Protection (B)	1,031,767	511,549	-	-
Employee Bonus	-	2,441,574	-	-
Miscellaneous	322,427	261,722	146,414	16,894
Total Negotiable Fringe Benefits	\$ 70,998,494	\$ 79,435,626	\$ 119,856,886	\$ 106,231,950
Total Fringe Benefit Costs Excluding Pensions	\$ 109,270,617	\$ 121,406,426	\$ 121,231,578	\$ 107,543,964

(A) - Includes civilian employees of the General, Airport, Municipal Parking, and Grant Funds.

(B) - Income Protection does not apply to Uniform Police and Fire employees.

Schedule B

**BUDGETED AMOUNT PER BUDGETED POSITION
OF THE GENERAL, AIRPORT, MUNICIPAL PARKING, AND GRANT FUNDS
(Excluding Pensions)**

BENEFIT CATEGORY	Civilian (A)		Police-Uniform		Fire-Uniform	
	<u>2002-2003</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2001-2002</u>
Non-Actuarial Pensions	\$ -	\$ 2.85	\$ -	\$ 1.75	\$ -	\$ 19.36
Nonnegotiable Fringe Benefits: (Legally Required)						
Social Security (FICA)	\$ 3,078.59	\$ 3,147.31	\$ 209.91	\$ 205.05	\$ 336.03	\$ 264.52
Unemployment Compensation	132.80	131.14	-	-	-	-
Workers' Compensation	<u>1,565.45</u>	<u>1,747.56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Legally Required Fringe Benefits	<u>\$ 4,776.84</u>	<u>\$ 5,026.01</u>	<u>\$ 209.91</u>	<u>\$ 205.05</u>	<u>\$ 336.03</u>	<u>\$ 264.52</u>
<u>Negotiable Fringe Benefits:</u>						
Hospitalization:						
For Employees	\$ 3,988.09	\$ 4,169.33	\$ 7,380.16	\$ 6,432.02	\$ 8,087.58	\$ 7,593.70
For Retirees	3,545.41	3,631.95	10,919.97	8,491.31	9,767.75	10,172.24
Dental:						
For Employees	261.58	238.04	238.53	199.80	336.03	283.88
For Retirees	249.51	236.62	462.75	324.23	461.33	348.39
Eye Care:						
For Employees	60.36	114.03	109.72	87.63	125.30	105.38
For Retirees	88.53	109.76	200.37	145.47	199.34	154.84
Disability Medical	-	-	276.70	271.65	313.25	322.59
Longevity	257.56	266.55	830.09	508.25	1,321.35	1,146.26
Death Benefit	-	19.96	-	22.78	-	19.36
Group Life Insurance	52.32	39.91	128.81	159.49	91.13	167.75
Retirement Sick Leave	189.14	306.46	419.82	674.75	535.38	901.09
Income Protection (B)	128.78	61.29	-	-	-	-
Employee Bonus		292.54				
Miscellaneous	<u>40.24</u>	<u>31.36</u>	<u>19.08</u>	<u>1.75</u>	<u>45.56</u>	<u>6.45</u>
Total Negotiable Fringe Benefits	<u>\$ 8,862</u>	<u>\$ 9,518</u>	<u>\$ 20,986</u>	<u>\$ 17,319</u>	<u>\$ 21,284</u>	<u>\$ 21,222</u>
Total Fringe Benefit Costs Per Budgeted Position (Excluding Pensions)	<u>\$ 13,638</u>	<u>\$ 14,547</u>	<u>\$ 21,196</u>	<u>\$ 17,526</u>	<u>\$ 21,620</u>	<u>\$ 21,506</u>

(A) - Includes civilian employees of the General, Airport, Municipal Parking, and Grant Funds.

(B) - Income Protection does not apply to Uniform Police and Fire employees.

The following paragraphs provide the results of our analyses for major employee fringe benefits, other than pensions, for General City Civilian and Uniform Police and Fire employees.

Hospitalization

The 2002-2003 Mayor's Proposed Budget includes an increase of \$8.0 million (or 4.9%) for hospitalization costs, which total \$163.9 compared to \$155.9 million in the 2001-2002 Budget. Appropriations for Hospitalization have decreased for civilian employees due to the lower number of budgeted positions, while they have increased for the Uniform Employees.

As shown in Schedule B, the 2002-2003 Mayor's Proposed Budget amount per budget position for Police-Uniform retirees increased \$2,428.66 (or 28.6%) from the 2001-2002 Budget. The increase was attributed to double-digit increases in hospitalization insurance rates for Police-Uniform retirees over the last three years.

In addition, Schedule B shows the 2002-2003 Mayor's Proposed Budget amount per budget position for Civilian employees to have decreased \$181.24 (or 4.4%) from the 2001-2002 budget. The 2002-2003 Mayor's Proposed Budget Summary of Appropriations-Explanations of Changes states that "Average health insurance increases exceeded 7.7%". The rates used by the Budget Department to calculate the hospitalization costs for civilian employees decreased 0.5% for 2002-2003 from 2001-2002. It appears that these hospitalization costs are understated for the 2002-2003 Mayor's Proposed Budget. We have not discussed our conclusion with Budget Department on this matter.

Social Security (FICA)

The 2002-2003 Mayor's Proposed Budget includes a decrease of \$1.6 million for Social Security taxes, which total \$24.7 million compared to \$26.3 million in the 2001-2002 Budget. This decrease results mainly from the decrease in the number of budgeted positions.

Workers' Compensation

The 2002-2003 Mayor's Proposed Budget includes a decrease of \$2.1 million (or 14.4%) from the \$14.6 million in the 2001-2002 Budget. The Budget Department bases the workers' compensation appropriation on the average actual costs over the past five years, which declined for the 2002-2003 budget.

Retirement Sick Leave

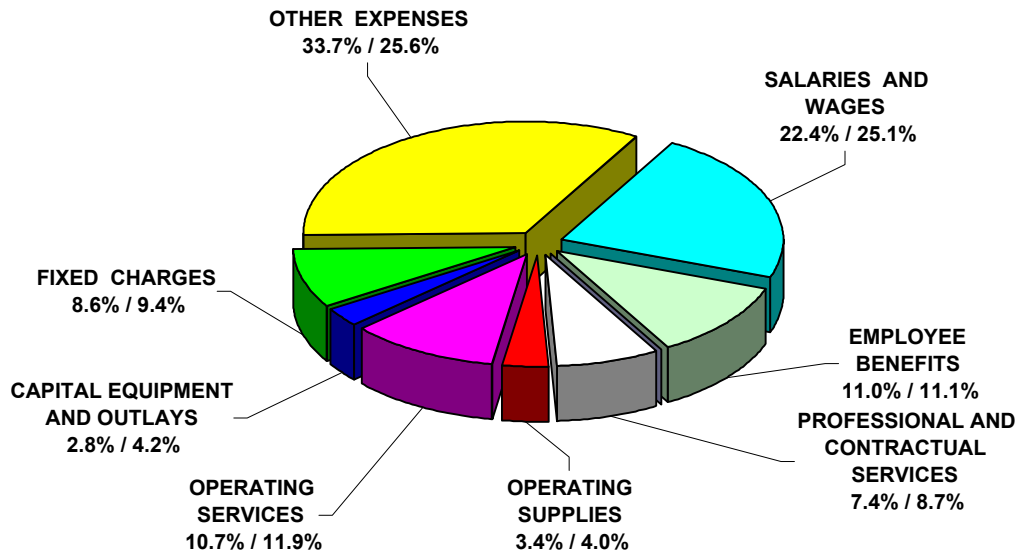
The 2002-2003 Mayor's Proposed Budget includes \$4.1 million for Retirement Sick Leave as compared to the \$6.8 million included in the 2001-2002 Budget, resulting from large percentage decreases for both civilian and uniform employees of 42% and 38%, respectively. These decreases are due to a change in pension options for employees, which will allow employees to choose to include 25.0% of the amount of their unused sick leave (retirement sick leave) to compute the final average compensation for which their pension will be based on. The Budget Department expects this new option to have a major impact on the amount of retirement sick leave.

Overall Comment

Salaries and wages for the General, Airport, Municipal Parking, and Grant Funds decreased \$18.9 million (or 3.1%) from \$617.6 million in the 2001-2002 Budget to \$598.7 million in the Mayor's Proposed Budget, while Employee Benefits increased \$1.6 million or 0.7% from \$228.9 million in the 2001-2002 Budget to \$230.5 million in the 2002-2003 Mayor's Proposed Budget.

Although the total amounts appropriated for salaries and wages of these employees decreased, due principally to the reduction in number of budgeted positions, the total amounts appropriated for Employee Benefits for these employees increased slightly because of increases in hospitalization and pensions appropriations for Police and Fire Uniform Employees.

APPROPRIATIONS BY MAJOR OBJECT
2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET



MAJOR OBJECT	2002-2003 MAYOR'S BUDGET	2001-2002 BUDGET	INCREASE (DECREASE)	PERCENT CHANGE
SALARIES AND WAGES	\$ 832,324,823	\$ 848,105,615	\$ (15,780,792)	(1.86) %
EMPLOYEE BENEFITS	408,112,709	374,830,059	33,282,650	8.88
PROFESSIONAL AND CONTRACTUAL SERVICES	276,707,424	293,929,812	(17,222,388)	(5.86)
OPERATING SUPPLIES	126,202,653	133,856,808	(7,654,155)	(5.72)
OPERATING SERVICES	399,843,919	402,526,908	(2,682,989)	(0.67)
CAPITAL EQUIPMENT	103,236,112	143,699,412	(40,463,300)	(28.16)
FIXED CHARGES	320,792,106	319,267,417	1,524,689	0.48
OTHER EXPENSES	1,254,997,280	866,572,602	388,424,678	44.82
TOTAL	\$ 3,722,217,026	\$ 3,382,788,633	\$ 339,428,393	10.03 %

**APPROPRIATIONS BY AGENCY
2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**

Page 1 of 2

AGENCY	2002-2003 Mayor's Budget		2001-2002 Budget	
GENERAL CITY AGENCIES:		Percent		Percent
EXECUTIVE AGENCIES:	Amount	of Total	Amount	of Total
11 Arts	\$ 712,975	0.02%	\$ 750,500	0.02%
12 Budget	2,982,363	0.08	3,030,615	0.09
13 Buildings and Safety Engineering (A)	-	0.00	25,182,542	0.75
14 Civic Center	25,238,977	0.68	25,801,869	0.76
15 Communications and Creative Service	2,303,559	0.06	2,457,317	0.07
16 Consumer Affairs (B)	-	0.00	1,968,762	0.06
17 Cultural Affairs	1,137,440	0.03	1,066,821	0.03
19 Department of Public Works	210,306,551	5.65	252,307,363	7.46
21 Employment and Training	87,695,854	2.36	88,775,594	2.62
22 Environmental Affairs	2,785,912	0.07	1,883,014	0.06
23 Finance	44,760,030	1.20	49,850,203	1.47
24 Fire	162,046,661	4.35	155,833,646	4.61
25 Health	99,629,036	2.68	96,607,613	2.86
26 Historical	5,504,007	0.15	3,440,546	0.10
28 Human Resources	28,432,281	0.76	32,183,276	0.95
29 Human Rights	1,992,320	0.05	2,141,980	0.06
30 Human Services	70,591,866	1.90	63,821,043	1.89
31 Information Technology Services	39,847,742	1.07	47,378,153	1.40
32 Law	29,335,625	0.79	31,460,007	0.93
33 Mayor's Office	10,936,635	0.29	10,998,017	0.33
36 Planning and Development	76,625,027	2.06	80,388,150	2.38
37 Police	383,292,097	10.30	368,274,621	10.89
38 Public Lighting	70,989,095	1.91	72,327,346	2.14
39 Recreation	58,650,464	1.58	66,275,865	1.96
40 Senior Citizens	2,248,699	0.06	2,194,158	0.06
43 Youth (B)	-	0.00	4,150,665	0.12
44 Zoological Institute	15,335,664	0.41	16,549,400	0.49
TOTAL EXECUTIVE AGENCIES	\$ 1,433,380,880	38.51%	\$ 1,507,099,086	44.56%
LEGISLATIVE AGENCIES:				
50 Auditor General	\$ 2,756,533	0.08%	\$ 3,037,831	0.09%
51 Zoning	892,438	0.02	957,395	0.03
52 City Council	12,808,790	0.34	14,137,522	0.42
53 Ombudsperson	1,320,493	0.04	1,418,986	0.04
70 City Clerk	3,394,695	0.09	3,619,919	0.11
71 Election Commission	10,068,643	0.27	10,560,838	0.31
TOTAL LEGISLATIVE AGENCIES	\$ 31,241,592	0.84%	\$ 33,732,491	1.00%

**APPROPRIATIONS BY AGENCY
2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**

Page 2 of 2

AGENCY	2002-2003 Mayor's Budget		2001-2002 Budget	
	Amount	Percent of Total	Amount	Percent of Total
JUDICIAL AGENCY:				
60 36th District Court	\$ 49,887,447	1.34%	\$ 46,755,797	1.38%
OTHER AGENCIES:				
35 Non-Departmental	318,710,858	8.56	345,638,872	10.21
TOTAL GENERAL AGENCIES	\$ 1,833,220,777	49.25%	\$ 1,933,226,246	57.15%
18 Debt Service Fund	\$ 64,153,936	1.72%	\$ 70,953,651	2.10%
ENTERPRISE FUNDS: (TAX SUPPORTED)				
10 Airport	\$ 4,083,933	0.11%	\$ 7,739,540	0.23%
13 Buildings and Safety Engineering (A)	39,301,169	1.06	-	0.00
20 Transportation	181,872,071	4.88	181,006,746	5.35
72 Library	37,914,419	1.02	44,066,270	1.30
TOTAL TAX SUPPORTED ENTERPRISE FUNDS	\$ 263,171,592	7.07%	\$ 232,812,556	6.88%
TOTAL TAX SUPPORTED FUNDS	\$ 2,160,546,305	58.04%	\$ 2,236,992,453	66.13%
ENTERPRISE AGENCIES: (NONTAX SUPPORTED)				
27 Housing (C)	\$ -	0.00	\$ 77,869,236	2.30
34 Municipal Parking	47,040,661	1.26	48,158,408	1.43
41 D.W.S.D. - Water Supply	636,314,098	17.10	259,858,621	7.68
42 D.W.S.D. - Sewage Disposal	878,315,962	23.60	759,909,915	22.46
TOTAL NONTAX SUPPORTED ENTERPRISE AGENCIES	\$ 1,561,670,721	41.96%	\$ 1,145,796,180	33.87%
GRAND TOTAL - ALL AGENCIES	\$ 3,722,217,026	100.00%	\$ 3,382,788,633	100.00%

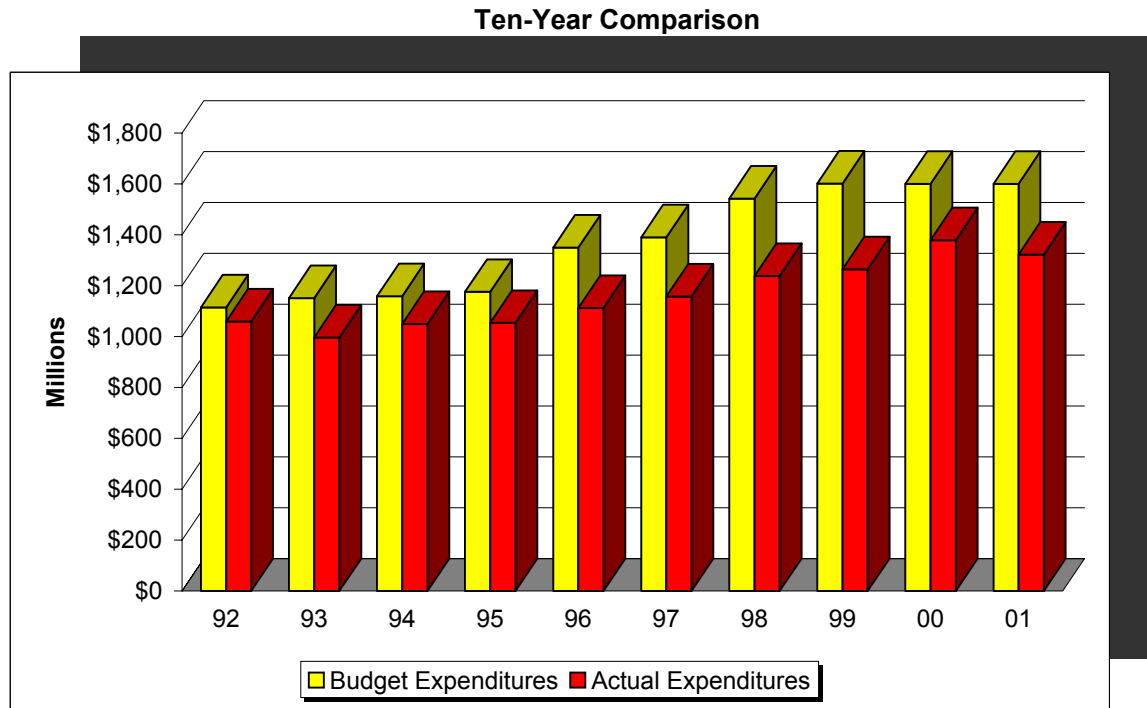
(A) The Buildings and Safety Engineering Department is treated as an Enterprise Agency in the 2002-2003 Mayor's Proposed Budget.

(B) The Consumer Affairs and Youth Departments are eliminated in the 2002-2003 Mayor's Proposed Budget, and the functions are transferred to other Agencies.

(C) The Housing Department is not included in the 2002-2003 Mayor's Proposed Budget, since the Mayor considers it an independent agency.

Expenditures - General Fund

Total Expenditures - Budget vs. Actual



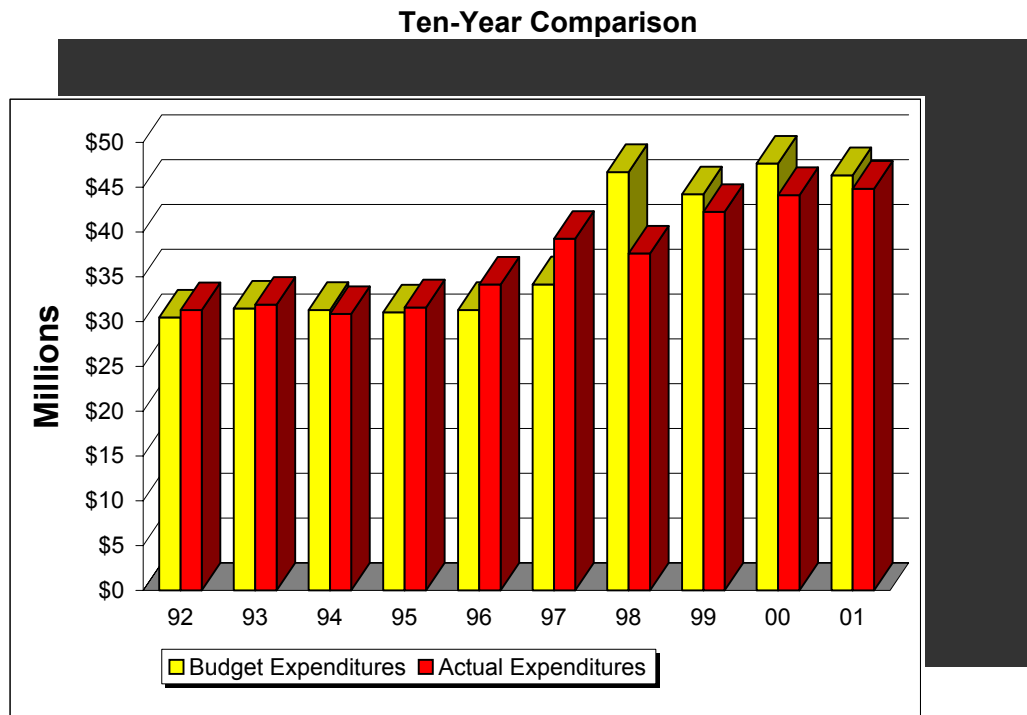
Comment:

The following table compares actual expenditures to the revised budget amount for total General Fund expenditures for each of the past ten fiscal years. Total actual expenditures of the General Fund were less than the total revised budget amount for each of the ten years, with actual expenditures ranging from about \$55.2 million to about \$337.2 million less than the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	1,115,247,100	1,060,086,510	(55,160,590)
1993	1,151,867,334	996,634,475	(155,232,859)
1994	1,159,554,395	1,049,474,482	(110,079,913)
1995	1,176,147,311	1,053,958,731	(122,188,580)
1996	1,350,579,411	1,112,446,915	(238,132,496)
1997	1,390,278,884	1,158,026,325	(232,252,559)
1998	1,543,205,971	1,238,650,368	(304,555,603)
1999	1,602,214,085	1,264,968,151	(337,245,934)
2000	1,601,023,907	1,369,682,790	(231,341,117)
2001	1,600,969,274	1,322,795,579	(278,173,695)

Expenditures - General Fund

36th District Court - Budget vs. Actual



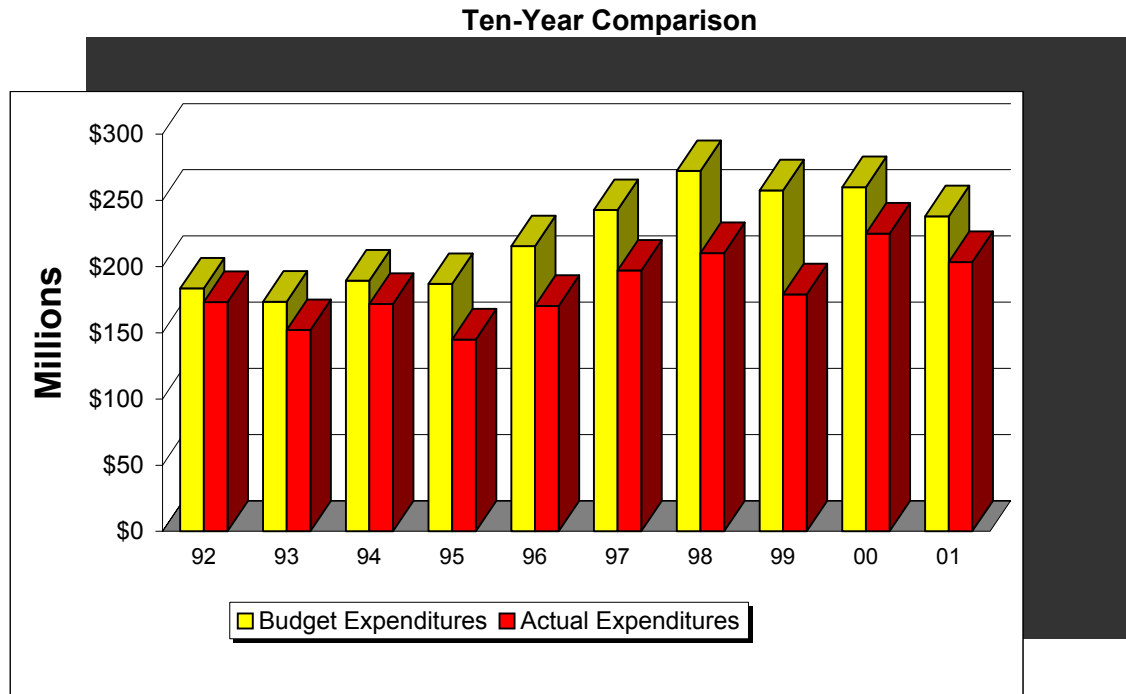
Comment:

The following table compares the actual expenditures to the revised budget amount for the 36th District Court for each of the past ten fiscal years. Actual expenditures were less than the revised budget in five of the ten years, with actual expenditures ranging from \$5.1 million over budget to \$9.1 million less than the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	30,459,543	31,293,331	833,788
1993	31,456,031	31,882,886	426,855
1994	31,296,581	30,848,222	(448,359)
1995	31,029,384	31,587,863	558,479
1996	31,301,125	34,138,219	2,837,094
1997	34,157,053	39,244,126	5,087,073
1998	46,687,612	37,610,163	(9,077,449)
1999	44,199,035	42,240,176	(1,958,859)
2000	47,641,142	44,118,182	(3,522,960)
2001	46,329,592	44,829,385	(1,500,207)

Expenditures - General Fund

Department of Public Works - Budget vs. Actual



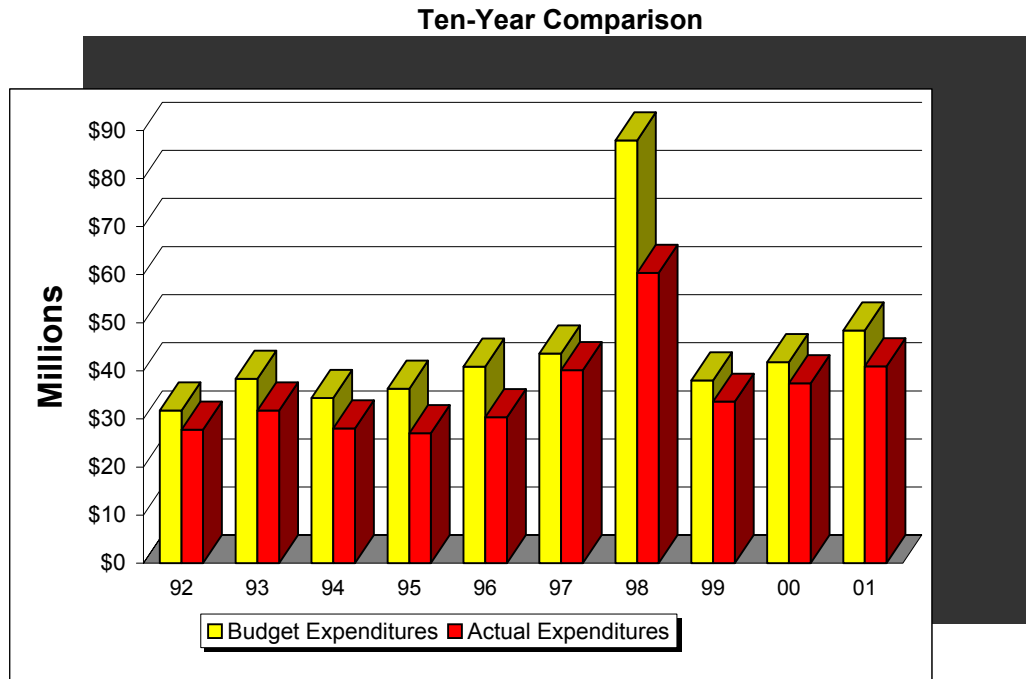
Comment:

The following table compares the actual expenditures to the revised budget amount for the Department of Public Works for each of the past ten fiscal years. Actual expenditures were less than revised budget in all of the ten years, with actual expenditures ranging from \$10.3 million under budget to \$78.6 million under the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	183,523,078	173,185,824	(10,337,254)
1993	173,465,487	152,042,570	(21,422,917)
1994	189,385,947	171,749,506	(17,636,441)
1995	186,880,730	144,964,694	(41,916,036)
1996	215,415,142	170,348,588	(45,066,554)
1997	242,682,732	197,014,191	(45,668,541)
1998	272,212,272	210,160,756	(62,051,516)
1999	257,587,006	178,993,763	(78,593,243)
2000	259,990,122	224,940,776	(35,049,346)
2001	237,972,054	203,464,120	(34,507,934)

Expenditures - General Fund

Finance Department - Budget vs. Actual



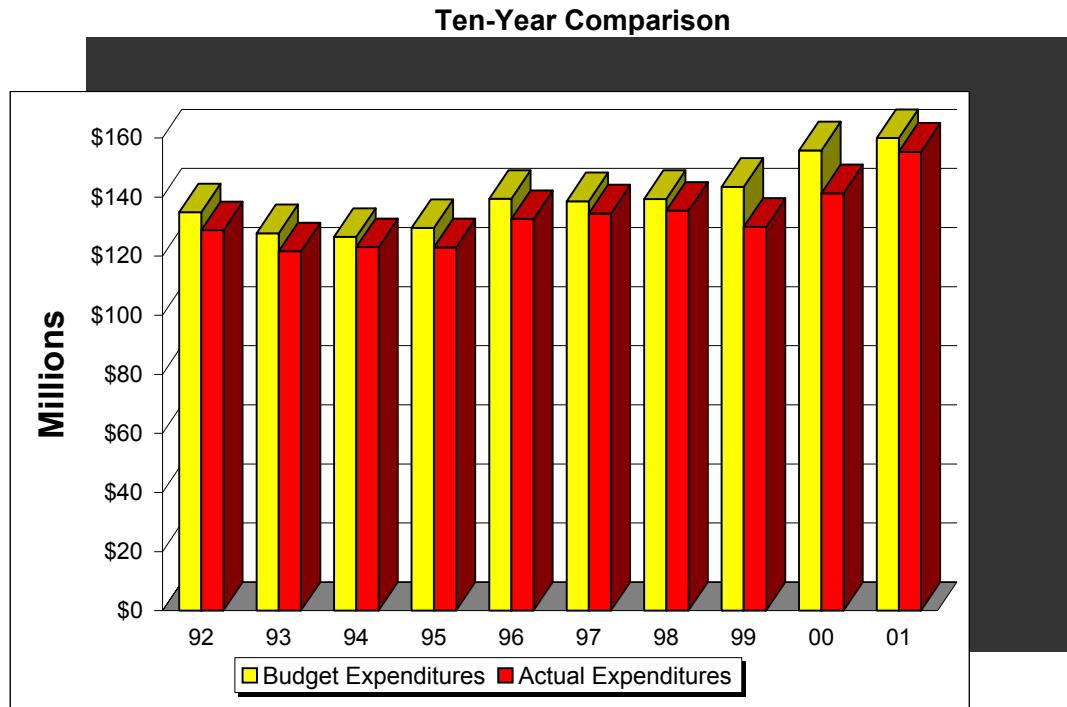
Comment:

The following table compares the actual expenditures to the revised budget amount for the Finance Department for each of the past ten fiscal years. Actual expenditures were less than the revised budget in each of the ten years, with actual expenditures ranging from \$3.5 million to \$27.6 million less than the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	31,760,469	27,780,519	(3,979,950)
1993	38,351,010	31,748,567	(6,602,443)
1994	34,353,308	28,044,650	(6,308,658)
1995	36,260,251	27,045,442	(9,214,809)
1996	40,890,788	30,367,096	(10,523,692)
1997	43,584,096	40,124,189	(3,459,907)
1998	87,935,147	60,362,475	(27,572,672)
1999	38,023,431	33,584,791	(4,438,640)
2000	41,826,571	37,400,090	(4,426,481)
2001	48,400,892	40,937,385	(7,463,507)

Expenditures - General Fund

Fire Department - Budget vs. Actual



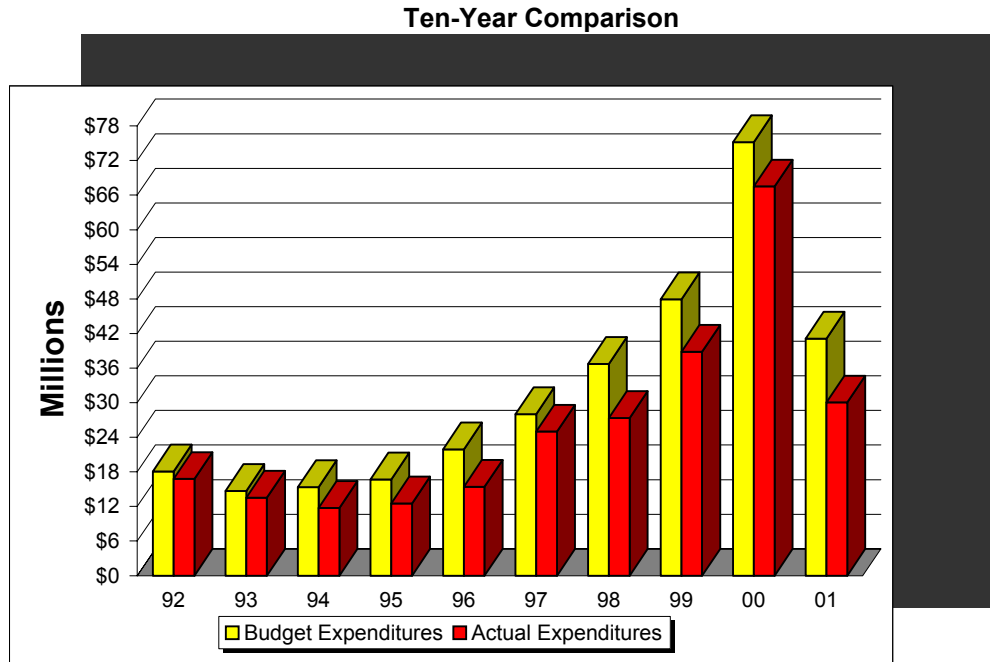
Comment:

The following table compares the actual expenditures to the revised budget amount for the Fire Department for each of the past ten fiscal years. Actual expenditures were less than the revised budget in all of the ten years, with actual expenditures ranging from \$3.5 million under budget to \$14.5 million under the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	134,836,655	128,796,800	(6,039,855)
1993	127,739,503	121,642,366	(6,097,137)
1994	126,542,588	123,069,503	(3,473,085)
1995	129,557,279	122,979,957	(6,577,322)
1996	139,414,936	132,561,857	(6,853,079)
1997	138,614,588	134,480,607	(4,133,981)
1998	139,381,149	135,415,322	(3,965,827)
1999	143,446,968	129,948,937	(13,498,031)
2000	155,794,803	141,329,064	(14,465,739)
2001	165,573,590	155,388,154	(10,185,436)

Expenditures - General Fund

Information Technology Services Department - Budget vs. Actual



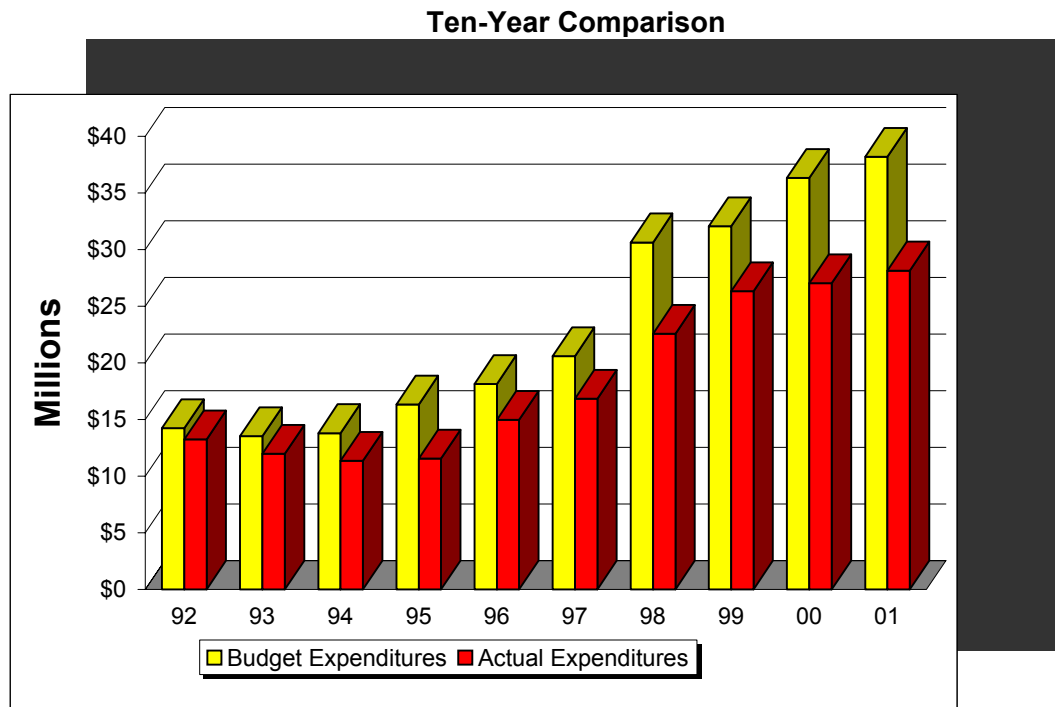
Comment:

The following table compares the actual expenditures to the revised budget amount for the Information Technology Services Department for each of the past ten fiscal years. Actual expenditures were less than the revised budget for each of the ten years, with actual expenditures ranging from \$1.2 million to \$11.1 million less than the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	18,055,401	16,770,676	(1,284,725)
1993	14,703,509	13,529,848	(1,173,661)
1994	15,352,673	11,732,648	(3,620,025)
1995	16,685,662	12,528,712	(4,156,950)
1996	21,888,587	15,431,610	(6,456,977)
1997	28,014,201	24,989,288	(3,024,913)
1998	36,734,615	27,323,016	(9,411,599)
1999	47,940,309	38,827,564	(9,112,745)
2000	75,183,491	67,495,056	(7,688,435)
2001	41,118,047	30,037,651	(11,080,396)

Expenditures - General Fund

Law Department - Budget vs. Actual



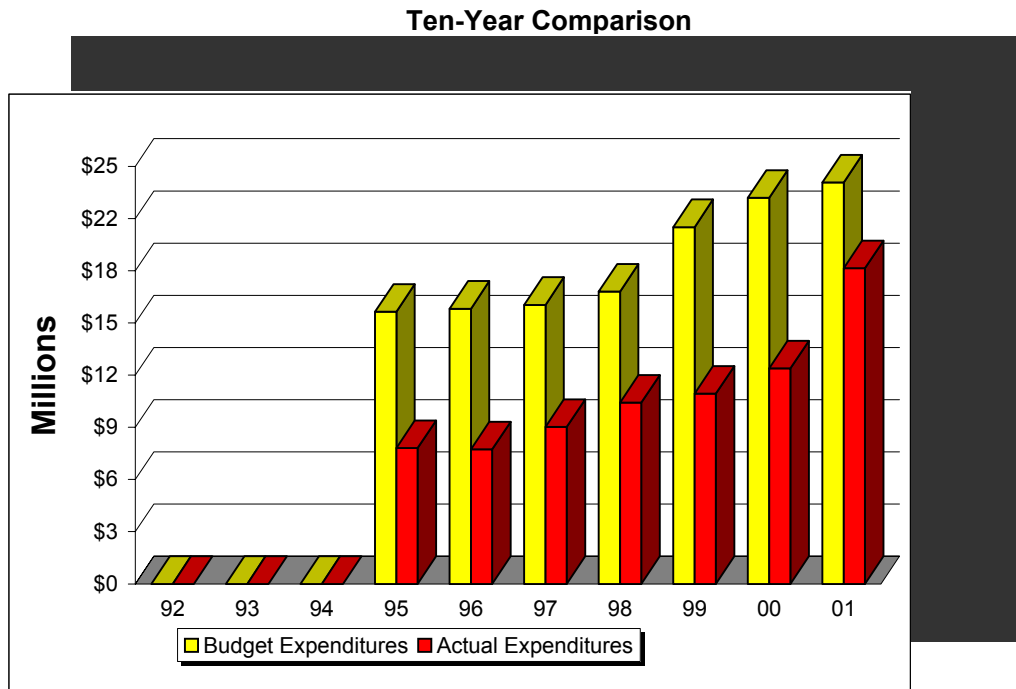
Comment:

The following table compares the actual expenditures to the revised budget amount for the Law Department for each of the past ten fiscal years. Actual expenditures were less than the revised budget in each of the ten years, with actual expenditures ranging from \$1.0 million to \$10.0 million less than the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	14,231,839	13,257,132	(974,707)
1993	13,536,706	11,969,616	(1,567,090)
1994	13,800,280	11,361,995	(2,438,285)
1995	16,321,552	11,561,432	(4,760,120)
1996	18,132,831	14,979,840	(3,152,991)
1997	20,594,746	16,844,962	(3,749,784)
1998	30,636,214	22,576,387	(8,059,827)
1999	32,063,452	26,326,574	(5,736,878)
2000	36,336,659	27,028,402	(9,308,257)
2001	38,184,231	28,147,285	(10,036,946)

Expenditures - General Fund

Planning & Development Department - Budget vs. Actual



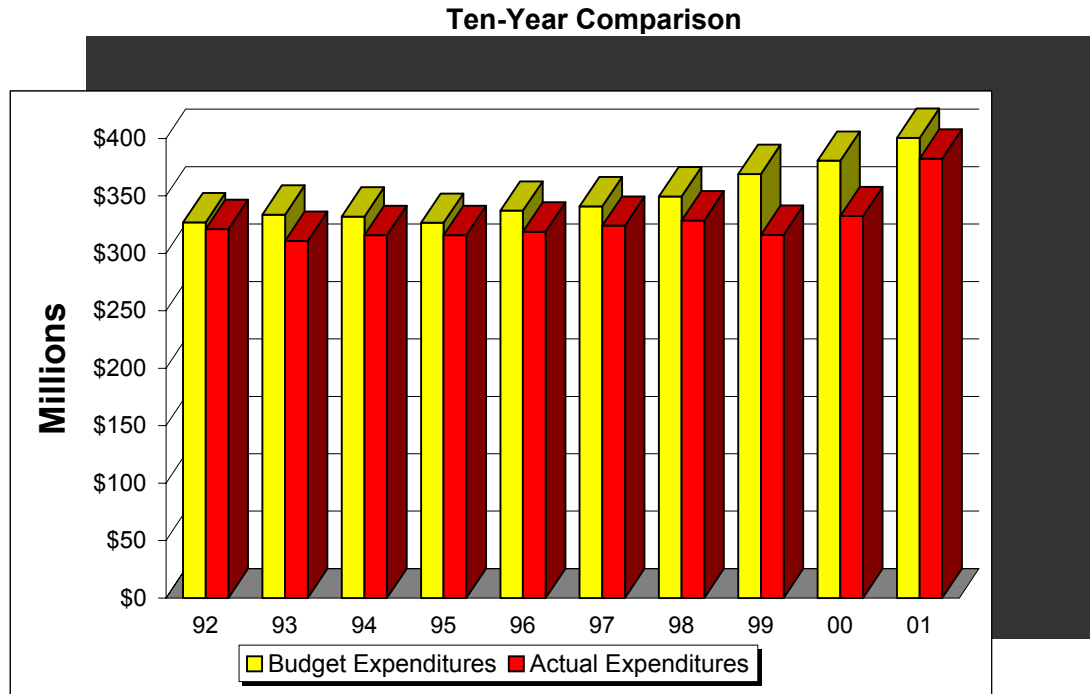
Comment:

The following table compares the actual expenditures to the revised budget amount for the Planning and Development Department for each of the past seven fiscal years. Actual expenditures were less than the revised budget in each of the seven years, with actual expenditures ranging from \$5.1 million to \$10.1 million less than the revised budget.

FYE June 30	Revised Budget	Actual	Actual Over (Under)
1992	N/A	N/A	N/A
1993	N/A	N/A	N/A
1994	N/A	N/A	N/A
1995	\$ 16,067,131	\$ 8,022,874	\$ (8,044,257)
1996	16,245,657	7,937,645	(8,308,012)
1997	16,471,640	9,267,127	(7,204,513)
1998	17,254,260	10,703,922	(6,550,338)
1999	21,062,443	11,222,459	(9,839,984)
2000	22,784,838	12,718,455	(10,066,383)
2001	23,691,574	18,632,798	(5,058,776)

Expenditures - General Fund

Police Department - Budget vs. Actual



Comment:

The following table compares the actual expenditures to the revised budget amount for the Police Department for each of the past ten fiscal years. Actual expenditures were less than the revised budget in each of the ten years, with actual expenditures ranging from \$5.9 million under budget to \$53.0 million under the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	327,086,104	321,190,106	(5,895,998)
1993	333,696,535	310,833,058	(22,863,477)
1994	331,973,934	315,796,986	(16,176,948)
1995	326,601,631	315,805,896	(10,795,735)
1996	337,190,081	318,907,043	(18,283,038)
1997	340,863,833	324,110,554	(16,753,279)
1998	349,647,499	328,686,005	(20,961,494)
1999	369,144,801	316,121,205	(53,023,596)
2000	380,694,476	332,450,946	(48,243,530)
2001	408,308,752	382,533,163	(25,775,589)

SUMMARY OF EMPLOYEE TURNOVER SAVINGS
2002-2003 MAYOR'S RECOMMENDATION

Employee turnover savings is the dollar estimate of the savings in appropriations resulting from positions included in the budget that may not require funding during some period of the fiscal year.

The Budget Department's dollar estimate of employee turnover savings represents appropriation amounts not included in the 2002-2003 Mayor's Proposed Budget, even though the positions to which the savings relate remain in the budget. For example, an unfilled budgeted position resulting from the retirement of an employee generates turnover savings until the position is filled.

The total estimated employee turnover savings projected for fiscal year 2002-2003 is \$21.2 million. This estimate represents a \$13.2 million (or 38.4%) decrease, from the 2001-2002 Mayor's Proposed Budget of \$34.4 million. Salaries and wages, fringe benefits, and employer pension contributions are the costs included in the calculation of the estimated employee turnover savings.

The following two schedules (1) list estimated employee turnover savings by agency, and (2) provide our calculation of the number of position equivalents represented by the dollar amount of turnover savings.

(1)	No.	AGENCY	TURNOVER SAVINGS
	20	D-DOT	\$ 8,214,847
	23	Finance	90,882
	32	Law	115,221
	37	Police	12,655,812
	44	Zoological Institute	119,152
		Total Estimated Employee Turnover Savings	<u>\$ 21,195,914</u>

(2) Approximate Position Equivalents Included in the Budget
but Not Funded Due to Estimated Turnover Savings in 2002-2003

Civilian Positions	154
Uniform Positions-Police	<u>177</u>
Total	<u>331</u>

Our analysis indicates that there are 19,901 budgeted positions included in the 2002-2003 Mayor's Proposed Budget but funding for only 19,570 positions (19,901 - 331).

In addition, we note there are 1,089 fewer budgeted positions (19,901 versus 20,990) in the 2002-2003 Mayor's Proposed Budget, as compared to the 2001-2002 Budget.